



MICHIGAN
LOTTERY™



2010 Annual
Report



The Honorable
Jennifer M. Granholm
Governor, State of Michigan

The Michigan Lottery's Fiscal Year 2010 sales of \$2.36 billion, prizes paid of \$1.38 billion, and contribution to the School Aid Fund of \$701.3 million reflect the continued importance of the Lottery to the state of Michigan.

Each year, 100 percent of the Lottery's profits go to K-12 education. Since the Lottery was created in 1972, it has generated over \$15 billion for K-12 schools in Michigan. We are proud to be a part of our state's education support system.

But more than just players and schools win with the

Michigan Lottery. Often overlooked are the commissions earned by our network of retailers. In FY 2010, the Lottery paid over \$170 million in commissions to the 10,000-plus members of our retailer network for selling and redeeming Michigan Lottery tickets. The lucky One Stop Shop in Kalamazoo, which sold a \$36 million Mega Millions ticket, earned a \$50,000 bonus.

In closing out the year, Michigan was the proud host of the 2010 meeting of the **North American Association of State and Provincial Lotteries**. This event, conducted in Grand Rapids, brought 850 industry professionals from North American lotteries together to learn about the latest trends, ideas and equipment needed to operate a successful lottery. The conference resulted in a significant contribution to the city of Grand Rapids and its businesses, as well as to the economy of the state of Michigan. Showing off our beautiful state to people from all over the country was a wonderful experience!

As always, we thank everyone, especially players and retailers, who had a role in making the Michigan Lottery the success it was in FY 2010. We look forward to those continued partnerships.

Sincerely,

M. Scott Bowen
Commissioner



M. Scott Bowen
Lottery Commissioner

Winners!



RRRLB Club of Kalamazoo, June 2010
Mega Millions, \$36 million

When people think of the Michigan Lottery, the first thing that comes to mind is winning a prize. Our 2010 total prizes paid of \$1.38 billion was the second highest since we launched in 1972. We awarded our 10th **Mega Millions** jackpot prize, a \$36 million win, to the RRRLB Club of Kalamazoo in June. We also had several sizeable wins in our Daily 4 game. On January 29, the Lottery paid out 3371.4 percent of **Daily 4** Evening wagers, for a total of \$21.66 million in prizes, when the numbers 1010 were drawn. Other sizeable payouts included October 11, when the numbers 1212 were drawn and \$7.07 million or 2278.2 percent of wagers were paid, and August 12, when 1911 came in as a winner and prizes totaling \$9.56 million, or 2503.8 percent of wagers, were paid.

[CLICK HERE TO VIEW THE LOTTERY PHOTO GALLERY](#)

Winners!

In addition to our business of selling Lottery tickets and awarding prizes, in 2010 the Lottery completed its first year of the successful television game show **Make Me Rich!** During the quarterly shows, hosted by popular television personality Christopher Knight, the Lottery gave away millions in cash and prizes to lucky winners. And in September, we became the first lottery in the country to offer a straight **50/50 raffle**, in which one winner took home a jackpot of \$1.74 million, which was half of the game's take.

Along with 10 other states, Michigan joined the 33 lotteries already selling **Powerball** tickets and began to offer the game on February 1. In turn, 31 of those 33 entities previously selling only Powerball tickets began selling **Mega Millions** tickets, with the result being that two of the largest jackpot games in the world were available in 43 lottery jurisdictions in the United States by the close of the fiscal year.

There is no question that Michigan Lottery players won big in 2010!



Quana Washington, February 2010
Powerball, \$20,000



Samantha Cichowicz, September 2010
Keno!, \$250,000



Tammy Smith, October 2009
Lucky 7s Raffle, \$70,000

Winners!



S. Ted Boloven, January 2010
Millionaire Raffle, \$100,000

Winners Overall Summary

Games offered: Mega Millions, Powerball, Classic Lotto 47, Fantasy 5, Keno!, Daily 3, Daily 4, Lucky Lines, Millionaire Raffle, Red Hot Raffle, Ultimate 50/50 Raffle, Club Keno, The Jack, Pull Tabs, Instant Games

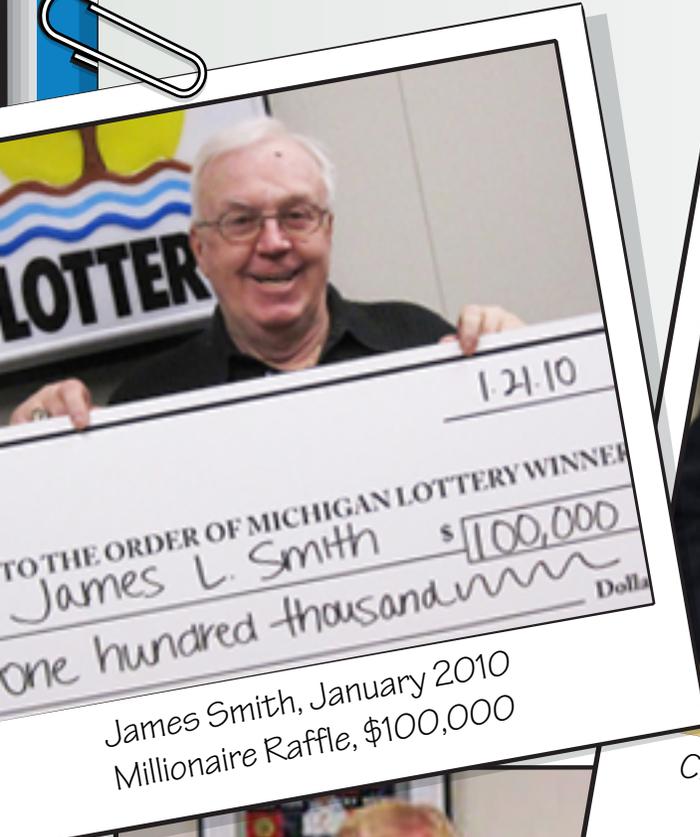
Sales: \$2.36 billion

Contribution to School Aid Fund: \$701.3 million

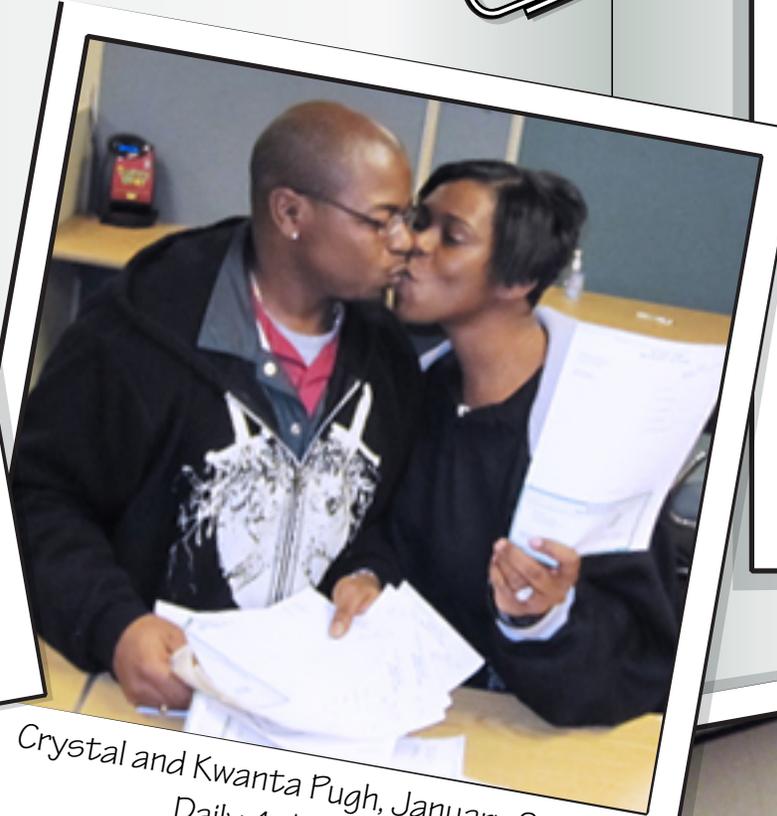
Prizes paid: \$1.38 billion

Range of prizes: \$1 to Mega Millions and Powerball jackpots

Online Games



James Smith, January 2010
Millionaire Raffle, \$100,000



Crystal and Kwanta Pugh, January 2010
Daily 4, \$90,000



Vito Colomba, July 2010
Powerball, \$200,003



Allen Barr, September 2010
Red Hot Raffle, \$100,000

Online Games Summary
 Games offered: **Mega Millions, Powerball, Classic Lotto 47, Fantasy 5, Kenol, Daily 3, Daily 4, Millionaire Raffle, Red Hot Raffle, Ultimate 50/50 Raffle**
 Sales: \$1.09 billion
 Contribution to School Aid Fund: \$412.8 million
 Prizes paid: \$568.1 million
 Range of prizes: \$1 to Mega Millions and Powerball jackpot



William James, April 2010
Mega Millions, \$250,002

Instant Games



Instant Games Summary

Number of Instant games introduced in FY 2010: **76**

Price points: \$1 to \$20

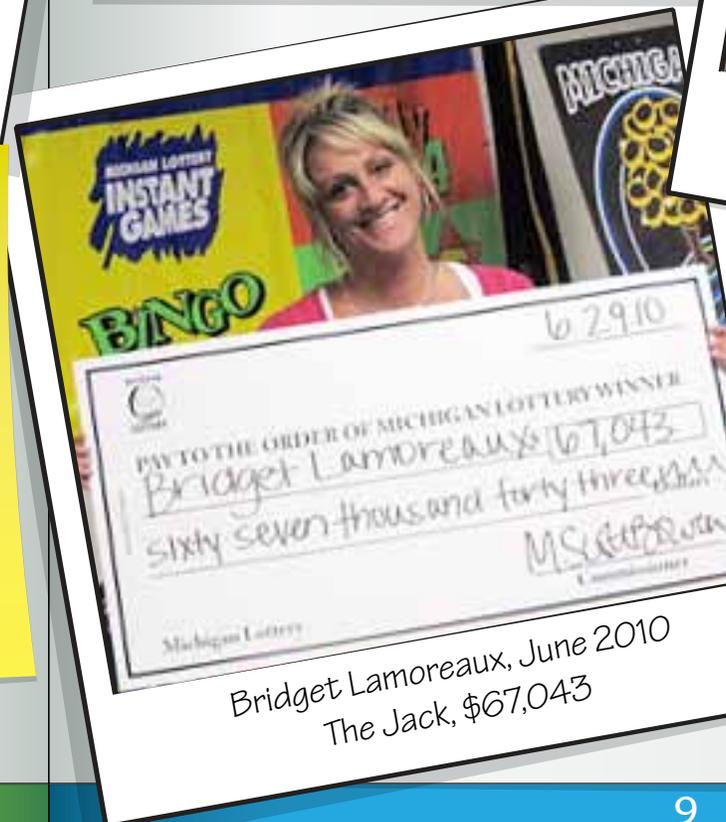
Sales: \$750.8 million

Contribution to School Aid Fund: \$159.4 million

Prizes paid: \$500.6 million

Range of prizes: \$1 to \$2 million

Club Games



Club Games Summary

Games offered: **Club Keno** with **Kicker** option, **The Jack**, **Pull Tabs**

Sales: \$519.6 million

Contribution to School Aid Fund: \$129.1 million

Prizes paid: \$340.2 million

Range of prizes: \$1 to \$20 million

Make Me Rich!



Mary Cushieri, Episode 2, \$1,000,000



Dave Wrobleski, Episode 3
2010 Chevy Traverse and \$1,300 in instant tickets



Patrick Frost, Episode 1, \$1,000,000



Carol Ellis, Episode 1, \$1,000,000



Patricia Harshaw, Episode 3, \$1,000,000

Make Me Rich! Summary

Number of shows: 3

Number of contestants: 14

Prizes paid: Over \$15 million;
a 2010 Ford Mustang GT;
a 2010 Chevy Traverse; \$1,300 worth
of Michigan Lottery instant tickets; 14
trips to Mackinac Island

Prizes awarded to viewers through
text to win contest: \$20,000

MICHIGAN LOTTERY

Retailers



Kroger in East Lansing receives a banner for selling a \$1.5 million-winning Classic Lotto 47 ticket



Meijer in Muskegon displays three banners they received for selling winning Lottery tickets



Angie and Izzy sell Lottery tickets to customers at The Gate House on Mackinac Island



Jerry's in Adrian receives a banner for selling a \$1 million-winning instant ticket



Late Nite Party Store in Royal Oak displays its \$250,000 Mega Millions ticket sale banner

Retailer Summary

Number of retailers: 10,800

Commissions paid to Michigan Lottery retailers in FY 2010: \$170.4 million

Commission structure: 6 percent on all tickets sold; 2 percent on in-store redemptions up to \$600; 2 percent to retailers on redeemed winning tickets from \$601 to \$100,000 sold in their stores; \$2,000 for redeemed winning tickets valued over \$100,000 sold in their stores; \$5,000 for the sale of a Classic Lotto 47 jackpot-winning ticket; and \$50,000 for the sale of a Mega Millions or Powerball jackpot-winning ticket.

Events & Sponsorships



A Lottery Street Team member sells tickets out of the Mobile Retail Outlet



The Lottery sponsors sporting events, fairs and festivals across the state of Michigan



The Mobile Retail Outlet at the 2010 NASPL Conference in Grand Rapids

EVENTS

- University of Michigan tailgate, Ann Arbor
- Detroit Lions tailgate, Detroit
- Michigan Restaurant Association Trade Show, Novi
- Detroit Pistons tailgate, Auburn Hills (The Palace of Auburn Hills, Auburn Hills)
- Plymouth Whalers tailgate, Plymouth
- Detroit Red Wings tailgate, Detroit
- Little Caesar's Pizza Bowl, Detroit
- Winter Blast, Detroit (Meijer, Taylor)
- Grand Rapids Griffins tailgate, Grand Rapids
- Detroit Tigers Opening Day Block Party, Detroit
- Detroit Tigers tailgates, Detroit
- Associated Food and Petroleum Dealers Trade Show, Novi
- Downtown Hoedown, Detroit
- West Michigan Whitecaps, Comstock Park
- Michigan International Speedway, Brooklyn (June & August)
- Detroit River Days, Detroit
- Muskegon Summer Celebration, Muskegon
- Grand Rapids fireworks, Grand Rapids
- Common Ground, Lansing
- Blue Water Riverfest, Port Huron (Meijer, Taylor)
- Ionia Free Fair, Ionia
- Labadie Pig Gig, Bay City (Meijer, Bay City, and Cristina's Party Store)
- Woodward Dream Cruise, Royal Oak
- Arts, Beats & Eats, Royal Oak
- DTE concerts, Clarkston

Note: retailer was Cristina's Party Store, unless otherwise noted

SPONSORSHIPS

- Detroit Red Wings
- Detroit Lions
- Detroit Pistons
- Detroit Tigers
- Grand Rapids Griffins
- Michigan International Speedway
- America's Thanksgiving Day Parade

Player's Club/Second Chance Drawings

Player's Club address:

www.MichiganLottery.com

Number of drawings: 140*

Number of entries: 5,597,068*

Number of winners: 371*

Examples of prizes: \$5,000 to \$2 million

Ford Mustang, NASCAR experience and merchandise, college and pro-sporting event tickets, Chevy Traverse, gift cards, VIP Rock Star party with Aerosmith, Ringo Starr drum kit, Instant tickets.

Player's Club member benefits:

Winning number alerts, second chance drawings, reward items, special promotions.

Number of members: 457,747*

Second Chance & Bonus Drawing Games:

\$20 instant games, Aerosmith, Bow Wow Bingo,

Detroit Lions, Dream Cruise, Dubble Bubble Bingo,

Holiday Riches, Instant Replay,

Million Dollar Mega Play,

Millionaire Raffle VII, Money Match, Red Hot and Blue 7s

*Figures include both Player City, which ended May 28, and Player's Club, which started May 28.



Charitable Gaming

Charitable Gaming Division Summary

Fundraising generated by nonprofits through bingos, raffles, millionaire parties, and the sale of charity game tickets.

Game revenue: \$560 million

Proceeds for charitable causes: \$73.9 million

Prizes paid: \$415 million



\$27 million was raised through the sale of charitable raffle tickets



Over 8,000 licenses were issued allowing Texas Hold 'Em tournaments as fundraising events

Website



Website Summary

www.michigan.gov/lottery

Total page views: 74,239,009

Average page views
per day: 203,394

Total visits
(non-unique): 38,416,388

Most popular
page: home page

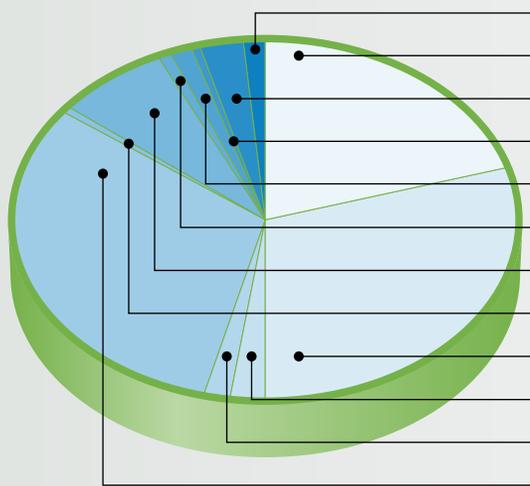
2010 Financials

Statement of Revenues, Expenses and Transfers (In Thousands)

	FY 2010	FY 2009
Operating Revenues		
Daily 3	\$ 344,198	\$ 350,999
Daily 4	\$ 359,024	\$ 335,907
Classic Lotto 47	\$ 43,830	\$ 64,232
Fantasy 5	\$ 56,051	\$ 51,310
Mega Millions	\$ 173,462	\$ 222,690
Powerball	\$ 64,460	\$ —
Keno!	\$ 12,979	\$ 13,987
Raffle Games	\$ 19,048	\$ 41,296
Instant Games	\$ 750,853	\$ 749,052
Club Keno	\$ 490,509	\$ 519,926
Lucky Lines	\$ 15,739	\$ —
Pull Tabs	\$ 29,075	\$ 28,038
Total Ticket Sales	\$ 2,359,228	\$ 2,377,437
Other Revenue	\$ 2,009	\$ 895
Charitable Gaming Revenue	\$ 18,737	\$ 20,663
Total Operating Revenue	\$ 2,379,974	\$ 2,398,995
Operating Expenses		
Prizes Awarded	\$ 1,408,918	\$ 1,436,373
Less Unclaimed Prizes	\$ 27,293	\$ 28,730
Net Prizes Awarded	\$ 1,381,625	\$ 1,407,643
Other Operating Expenses		
Retailer Commissions	\$ 170,494	\$ 174,162
Vendor/Bank Commissions	\$ 31,956	\$ 35,464
Direct Game Expenses	\$ 21,052	\$ 18,383
Advertising	\$ 28,986	\$ 26,965
Administrative Expenses	\$ 20,250	\$ 20,793
Charitable Gaming Expenses	\$ 7,402	\$ 8,899
Total Operating Expenses	\$ 1,661,765	\$ 1,692,309
Net Operating Revenue	\$ 718,209	\$ 706,686
Non-Operating Revenue (Expenses)		
Investment Income (Loss)	\$ 10,663	\$ 48,940
Unrealized Investment Revenue (Loss)	\$ 6,620	\$ (29,137)
Prize Amortization	\$ (15,219)	\$ (18,402)
Net Non-Operating Revenue	\$ 2,064	\$ 1,401
Net Income Before Disbursements	\$ 720,273	\$ 708,087
Net Income Disbursed to General Fund	\$ 11,335	\$ 11,764
Net Income Disbursed to DCH for		
Compulsive Gaming Helpline	\$ 990	\$ 990
Reserved Unrealized Loss on Investments	\$ 6,620	\$ (29,137)
Net Income Disbursed to School Aid Fund	\$ 701,328	\$ 724,470

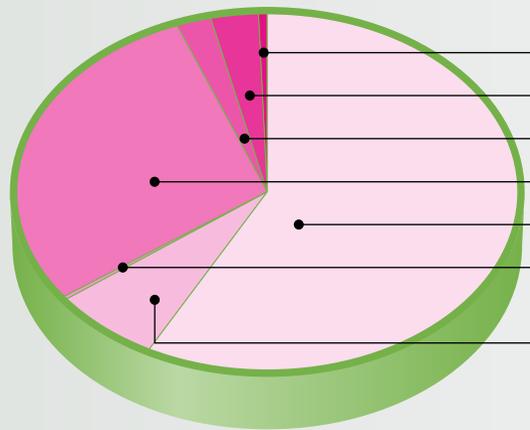
2010 Financials

Total Revenue (In Thousands)



Other Revenues	\$ 31.4	1.3%
Club Keno	\$ 490.5	20.5%
Powerball	\$ 64.5	2.7%
Lucky Lines	\$ 15.7	0.7%
Pull Tabs	\$ 29.0	1.2%
Raffle Games	\$ 19.0	0.8%
Mega Millions	\$ 173.5	7.3%
Keno!	\$ 13.0	0.5%
Daily Games	\$ 703.2	29.5%
Fantasy 5	\$ 56.1	2.3%
Classic Lotto 47	\$ 43.8	1.8%
Instant Games	\$ 750.9	31.4%
Total Ticket Sales	\$ 2,390.6	100.0%

Where the Money Goes (In Thousands)

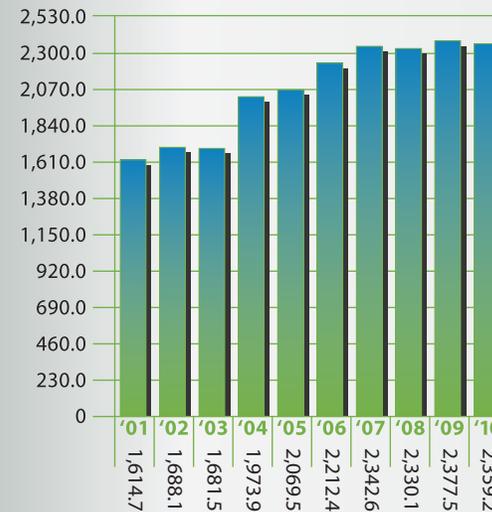


Other Transfers	\$ 11.3	0.5%
Adm/Adv Expenses	\$ 71.9	3.0%
Direct Game Expenses	\$ 53.0	2.2%
School Aid Fund	\$ 701.3	29.3%
Net Prizes	\$ 1,381.6	57.8%
Compulsive Gaming Helpline	\$ 1.0	0.1%
Retailer Commissions	\$ 170.5	7.1%
Total	\$ 2,390.6	100.0%

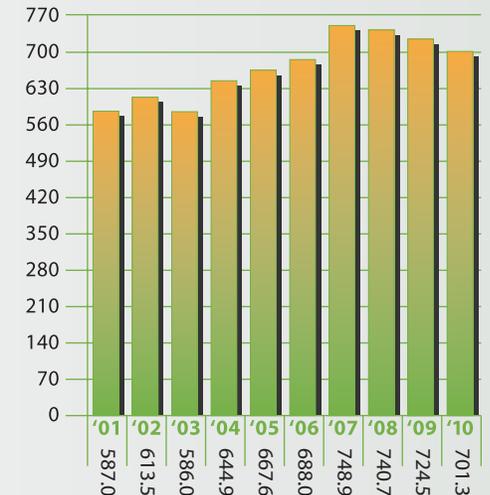
2010 Financials

Financial Trends: 2001 through 2010

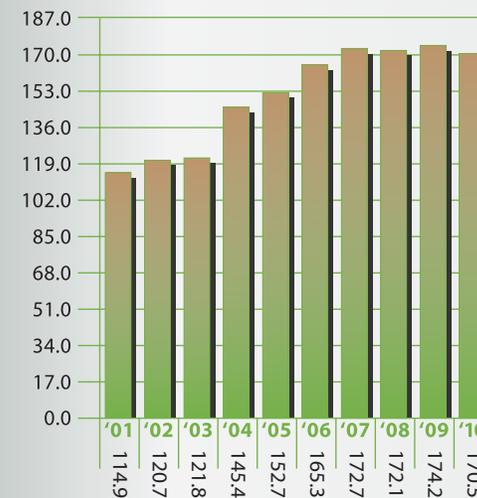
Ticket Sales History (In Millions)



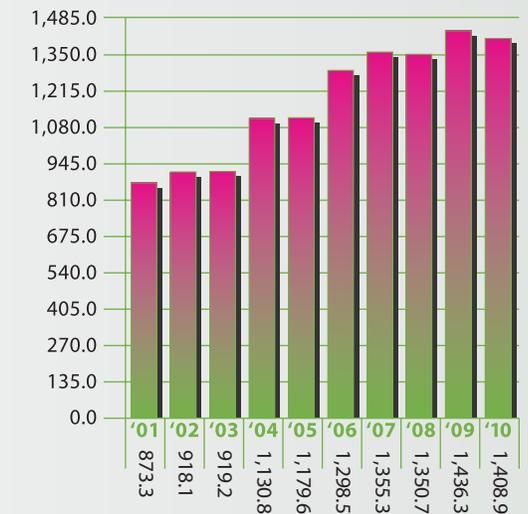
Net to Education (In Millions)



Retailer Commissions (In Millions)



Prizes Won (In Millions)



Contacts

Need to get in touch with the Michigan Lottery?
There are several ways to do so:

By e-mail:

milottery@michigan.gov

By U.S. mail:

Michigan Lottery
101 E. Hillsdale
P.O. Box 30023
Lansing, MI 48909

By phone:

517.335.5600

Lottery Claim Centers

Detroit

Cadillac Place
3060 W. Grand Boulevard
Suite L-600
Detroit, MI 48202
Phone: 313-456-4040
Fax: 313-456-4045

Grand Rapids

3391-B Plainfield Ave.
Grand Rapids, MI 49525
Phone: 616-364-3372
Fax: 616-364-5421

Saginaw

Jerome T. Hart State
Office Building
411 E. Genesee Street
Saginaw, MI 48607
Phone: 989-758-1670
Fax: 989-758-1881

Lansing

101 E. Hillsdale Street
P.O. Box 30023
Lansing, MI 48909
Phone: 517-335-5756
Fax: 517-335-5644

Dearborn Heights

27315 W. Warren Street
Cambridge Center
(W. Warren & Inkster Road)
Dearborn Heights, MI 48127
Phone: 313-565-0219
Fax: 313-565-0238

Sterling Heights

34700 Dequindre Road
Sterling Heights, MI 48310
Phone: 586-939-2300
Fax: 586-939-4108

For a list of bank claim centers, go to:
www.michigan.gov/lottery.

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